

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
---	--	--

Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>THE NEIMAN MARCUS GROUP, INC. EMPLOYEE SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/27/1987</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>08/27/1987</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>08/27/1987</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>THE NEIMAN MARCUS GROUP, INC.</u> <u>1201 ELM STREET, SUITE 2912</u> <u>DALLAS, TX 75270</u> <u>1201 ELM STREET, SUITE 2912</u> <u>DALLAS, TX 75270</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-4119509</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>214-757-2888</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>452900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-4119509</u>	2c Sponsor's telephone number <u>214-757-2888</u>	2d Business code (see instructions) <u>452900</u>	
2b Employer Identification Number (EIN) <u>95-4119509</u>					
2c Sponsor's telephone number <u>214-757-2888</u>					
2d Business code (see instructions) <u>452900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	05/13/2011	SCOTT SEALE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	05/13/2011	MARITA ODEA
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") THE NEIMAN MARCUS GROUP, INC. 1201 ELM STREET, SUITE 2912 DALLAS, TX 75270	3b Administrator's EIN 95-4119509 3c Administrator's telephone number 214-757-2888
---	---

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
---	-----------------------------------

5 Total number of participants at the beginning of the plan year	5	3091
---	----------	------

6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2F 2G 2J 2K 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
---	---

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan THE NEIMAN MARCUS GROUP, INC. EMPLOYEE SAVINGS PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 THE NEIMAN MARCUS GROUP, INC.	D Employer Identification Number (EIN) 95-4119509	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65	RECORDKEEPER	22344	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
DODGE & COX INTL STK	0.10%	
04-2526037		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
FKLN SMMIDCAP GRTH A	0.35%	
94-3167260		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
PERKINS MID CP VAL T	0.34%	
43-1804048		

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>		
A Name of plan <u>THE NEIMAN MARCUS GROUP, INC. EMPLOYEE SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE NEIMAN MARCUS GROUP, INC.</u>	D Employer Identification Number (EIN) <u>95-4119509</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	120594	0
	(2) Participant contributions	1b(2)	321029	0
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	4756642	0
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	232983987	0
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	238182252	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	238182252	0
---	-----------	-----------	---

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	3945174	
(B) Participants	2a(1)(B)	7616615	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		11561789
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	262584	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		262584
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		27312072
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		39136445

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	26715194	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		26715194
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		-6989
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	22479	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		22479
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		26730684

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		12405761
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		250588013

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST AND YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	☒	☐	9742
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....	☐	☒	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	☐	☒	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	☐	☒	
e Was this plan covered by a fidelity bond?.....	☒	☐	25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	☐	☒	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	☐	☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	☐	☒	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	☐	☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	☒	☐	
l Has the plan failed to provide any benefit when due under the plan?	☐	☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	☐	☒	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	☐	☒	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
NMG, INC. RETIREMENT SAVINGS PLAN	95-4119509	003

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>THE NEIMAN MARCUS GROUP, INC. EMPLOYEE SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE NEIMAN MARCUS GROUP, INC.</u>	D Employer Identification Number (EIN) <u>95-4119509</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Report of Independent Auditors

The Employee Benefits Committee
The Neiman Marcus Group, Inc. Employee Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Neiman Marcus Group, Inc. Employee Savings Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule of delinquent participant contributions for the year then ended. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

May 11, 2011

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

The Neiman Marcus Group, Inc. Employee Savings Plan
As of December 31, 2010 and 2009, and for the
Year Ended December 31, 2010
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

The Neiman Marcus Group, Inc. Employee Savings Plan

Financial Statements and Supplemental Schedule

As of December 31, 2010 and 2009, and for the Year Ended December 31, 2010

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4
Supplemental Schedule	
Schedule H; Line 4a – Schedule of Delinquent Participant Contributions.....	15

Report of Independent Auditors

The Employee Benefits Committee
The Neiman Marcus Group, Inc. Employee Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Neiman Marcus Group, Inc. Employee Savings Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule of delinquent participant contributions for the year then ended. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

May 11, 2011

The Neiman Marcus Group, Inc. Employee Savings Plan

Statements of Net Assets Available for Benefits

	December 31	
	2010	2009
Assets		
Investment in the Neiman Marcus Group Master Trust, at fair value	\$ —	\$ 232,983,987
Receivables:		
Participant contributions	—	321,029
Employer contributions	—	120,594
Notes receivable from participants	—	4,756,642
Total receivables	—	5,198,265
Net assets available for benefits, at fair value	—	238,182,252
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	—	817,579
Net assets available for benefits	<u>\$ —</u>	<u>\$ 238,999,831</u>

See accompanying notes.

The Neiman Marcus Group, Inc. Employee Savings Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2010

Additions

Net investment income from the Neiman Marcus Group Master Trust	\$ 26,494,493
Interest income on notes receivable from participants	262,584
Contributions:	
Employer	3,945,174
Participant	7,616,615
Total contributions	<u>11,561,789</u>
Total additions	38,318,866

Deductions

Benefits paid to participants	(26,708,205)
Administrative expenses	(22,479)
Total deductions	<u>(26,730,684)</u>
Transfer of net assets to The Neiman Marcus Group, Inc. Retirement Savings Plan	<u>(250,588,013)</u>
Net decrease	(238,999,831)
Net assets available for benefits at beginning of year	238,999,831
Net assets available for benefits at end of year	<u><u>\$ —</u></u>

See accompanying notes.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements

December 31, 2010

1. Description of Plan

The following brief description of The Neiman Marcus Group, Inc. Employee Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan.

General

The Plan is a defined-contribution plan established for eligible employees of The Neiman Marcus Group, Inc. and each of its designated affiliates (collectively, the Company). Participation in the Plan permits eligible employees to defer a portion of their compensation in order to promote savings on a tax-favored basis and to benefit from a matching Company contribution. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The trustee of the Plan is Fidelity Management Trust Company (the Trustee), and the recordkeeper of the Plan is Fidelity Investments Institutional Operations Company, Inc.

The Plan is administered by the Employee Benefits Committee (the Committee), which is currently composed of five individuals who act in certain matters relating to the administration of the Plan and who are appointed by the Board of Directors of the Company.

As of January 1, 2008 and until December 31, 2010, all investment assets of the Plan, as well as the investment assets of the Neiman Marcus Group, Inc. Retirement Savings Plan (RSP), were held in various investment accounts of the Neiman Marcus Group Master Trust (Master Trust) under a trust agreement with the Trustee. The agreement required the Trustee, either directly or indirectly, to hold the Plan's assets in a master trust and administer and distribute those assets in accordance with the Plan and the instructions of the Committee.

Effective January 1, 2008, the Company offered the new, enhanced retirement savings plan. Participants with a minimum of ten years of service and whose age plus years of service equaled at least 65 (Rule of 65) as of December 31, 2007, were offered an election to either (a) continue participation in the Plan or (b) participate in the new RSP. The account balances of participants who did not meet the Rule of 65, as well as the account balances of Rule of 65 participants electing to participate in the RSP, were transferred out of the Plan and into the RSP as of January 1, 2008. No employee who met vesting requirements forfeited benefits earned prior to January 1, 2008.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Effective December 31, 2010, the Plan was merged with and made a part of the RSP (Plan Merger) as a result of ongoing efforts to restructure the Company's long-term benefits programs. As of December 31, 2010, the remaining participants' balances in the Plan were transferred to the RSP and the assets and liabilities of the Plan became assets and liabilities of the RSP. As of the date of the merger, the Master Trust was dissolved. After the effective date of the merger, the Plan ceased to exist as a separate plan, but continued as part of the RSP.

Eligibility

Prior to January 1, 2008, an employee was eligible to become a participant in the Plan upon reaching 21 years of age and achieving one year of continuous employment from the date of hire, defined as completing at least 1,000 hours of service within the year. With the establishment of the RSP on January 1, 2008, participation in the Plan is limited to existing participants.

Contributions

Each participant can elect to defer from 2% to 50% of his or her eligible pay in each pay period subject to annual limitations of \$16,500 for the year ended December 31, 2010. Participants who attained age 50 before the close of each plan year become eligible to make catch-up salary deferral contributions in accordance with and limited by the Internal Revenue Code (the Code). The total deferral, including catch-up contributions, could therefore be 75% of eligible pay for individuals eligible to make catch-up contributions. The Company matches an amount equal to 100% of the first 2% of eligible pay and 25% of the next 4% of eligible pay. Participant catch-up contributions are not matched by the Company.

Investment Options

Prior to the Plan Merger, participants could direct the investment of both their pretax contributions and the Company matching contribution to the investment assets held in various investment accounts of the Master Trust. The Committee establishes and modifies the investment options available to participants.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Vesting

The entire amount of each participant's interest in his or her employee contribution account shall at all times be fully vested and nonforfeitable. The Company-matched contribution is subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested</u>
Less than 3	0%
3 or more	100%

Additionally, the Company-matched contributions become fully vested at (a) the date the participant attains the normal retirement age of 65, (b) the date of the participant's death or disability while employed by the Company, or (c) the discontinuance or termination of the Plan.

Benefits

The Plan provides for distributions in the event of retirement, death, disability, termination of employment, or attainment of age 59 1/2. In addition, under certain circumstances, withdrawals are permitted in the event of hardship as defined in the Plan document.

Forfeitures

Forfeitures are used to reduce future Company contributions. There were no forfeitures available at December 31, 2010 and \$150,174 of forfeitures available at December 31, 2009 to reduce future Company contributions.

Notes Receivable from Participants

Participants may borrow an amount up to 50% of their vested account balances, not to exceed \$50,000. Notes bear interest at a fixed rate of prime plus 1% at inception of the note and are repayable through equal payroll deductions of principal and interest over the life of the note, ranging from one to five years. This time may be extended if the note is for the purchase of a principal residence. Any unpaid note balance is withheld from the distribution of a participant's account balance upon the participant's withdrawal from the Plan.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Administrative Expenses

The Plan pays for management fees associated with its investments, which are recorded by the Trustee as an offset to the investments' net appreciation. Certain other expenses are borne by the Company. For the year ended December 31, 2010, Plan expenses paid by the Company were approximately \$117,000.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2010 or 2009. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Reclassification

Certain prior year amounts related to notes receivable from participants (previously participant loans) were reclassified in the financial statements and footnotes to conform to the current year's presentation.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Valuation of Investments

As of December 31, 2010, no investments were held by the Plan due to the Plan Merger. As of December 31, 2009, the Plan's investment in the Master Trust is stated at fair value. Pursuant to fair value measurement and disclosure requirements of generally accepted accounting principles, fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. Each fair value measurement is reported in one of the following three levels:

- Level 1 – valuation inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – valuation inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – valuation inputs are unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Investments held by the Master Trust consist of investment securities, including mutual funds and common/collective trusts. Investments in mutual funds are valued based on published market prices, which represent the net asset values of shares held by the Master Trust at year end (Level 1).

Investments in common/collective trusts are valued based on net asset values on the last business day of the Plan's year end as determined by the sponsors of such trusts (Level 2). Investments in common/collective trusts include fully benefit-responsive investment contracts, which are valued at fair value based on the underlying investments of the trust as determined by the sponsor of the trust, then adjusted to contract value (Level 2). Contract value represents contributions made

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

under the contract plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

The investments held by the Master Trust are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The following table presents the Plan's investments at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in the Neiman Marcus Group				
Master Trust:				
Mutual funds:				
Fixed income	\$ 13,200,295	\$ —	\$ —	\$ 13,200,295
Domestic mid cap value	5,593,563	—	—	5,593,563
International growth	6,249,077	—	—	6,249,077
Domestic and foreign multi strategy	61,441,938	—	—	61,441,938
Domestic and foreign large cap value	30,050,519	—	—	30,050,519
Domestic and foreign multi cap growth	37,726,140	—	—	37,726,140
Other	4,092,916	—	—	4,092,916
Total mutual funds	<u>158,354,448</u>	<u>—</u>	<u>—</u>	<u>158,354,448</u>
Common/collective trusts:				
Lifecycle	—	9,556,847	—	9,556,847
Stable value	—	65,072,692	—	65,072,692
Total common/collective trusts	<u>—</u>	<u>74,629,539</u>	<u>—</u>	<u>74,629,539</u>
Total investments	<u>\$ 158,354,448</u>	<u>\$ 74,629,539</u>	<u>\$ —</u>	<u>\$ 232,983,987</u>

Prior to December 31, 2010, interest and dividends and net appreciation (depreciation) in fair value of investments were allocated among the participating plans in the Master Trust based on the respective number of units held by each plan. Contributions received, benefits paid, and directly attributable expenses of the participating plans effectively increase or decrease the number of units held by each plan.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Benefits to Participants

Benefit payments to participants are recorded when paid.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance for improving the disclosures about fair value measurements. Specifically, this guidance requires entities to disclose amounts and reasons for significant transfers between Level 1 and Level 2 of the fair value hierarchy including reasons for any transfers in or out of Level 3. Additionally, Level 3 reconciliations must be presented on a gross basis. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Plan implemented this guidance in the preparation of the financial statements for the Plan year ending December 31, 2010, and the adoption of this guidance did not have an impact on the Plan's financial statements.

In September 2010, the FASB issued guidance for improving disclosures about participant loans. Specifically, this guidance requires participant loans to be classified as notes receivable from participants and measured at their unpaid principal balance plus any unpaid accrued interest. Previously, participant loans were measured at fair value and classified as investments. The guidance is effective for fiscal years ending after December 15, 2010, and is required to be applied retrospectively. The Plan implemented this guidance in the preparation of the financial statements for the Plan year ending December 31, 2010, resulting in the reclass of participant loans to notes receivable from participants as of December 31, 2010 and 2009.

3. Investment in Master Trust

For the period January 1, 2008 to December 31, 2010, the Plan's investments were held in the Master Trust, which was established for the investment of assets of the Plan and the RSP sponsored by the Company (see Note 1). As a result of the Plan Merger, no assets were held by the Plan as of December 31, 2010. The Plan's portion of the Master Trust's assets was approximately 51%, or \$232,983,987, at December 31, 2009. The fair value of the commingled investments of all participating plans in the Master Trust accounts at December 31, 2009, and the

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

percentage interest the Plan holds in each of the Master Trust accounts are summarized as follows:

	2009 Master Trust Investments	2009 Plan Interest Percentage
Mutual funds:		
Fidelity Growth Company Fund	\$ 70,904,290	53%
Fidelity Equity Income Fund	47,350,918	63%
Fidelity Contrafund	75,527,328	58%
Fidelity Balanced Fund	33,861,502	53%
Spartan Total Market Index Fund	3,459,132	32%
Franklin Small-Mid Cap Growth Fund A	4,731,823	31%
PIMCO Total Return Fund	25,832,261	51%
Perkins Mid Cap Value Fund	15,975,182	35%
Dodge & Cox International Stock Fund	17,613,574	35%
Vanguard Windsor II Fund	3,667,910	41%
	<u>298,923,920</u>	<u>53%</u>
Common/collective trusts:		
Fidelity Managed Income Portfolio II Fund	97,938,779	66%
Pyramis Index Lifecycle 2000 Commingled Pool	1,997,534	51%
Pyramis Index Lifecycle 2005 Commingled Pool	1,673,234	54%
Pyramis Index Lifecycle 2010 Commingled Pool	6,103,639	37%
Pyramis Index Lifecycle 2015 Commingled Pool	5,111,747	26%
Pyramis Index Lifecycle 2020 Commingled Pool	10,599,431	22%
Pyramis Index Lifecycle 2025 Commingled Pool	6,815,433	18%
Pyramis Index Lifecycle 2030 Commingled Pool	8,292,264	3%
Pyramis Index Lifecycle 2035 Commingled Pool	4,868,178	2%
Pyramis Index Lifecycle 2040 Commingled Pool	3,884,549	0%
Pyramis Index Lifecycle 2045 Commingled Pool	4,418,947	2%
Pyramis Index Lifecycle 2050 Commingled Pool	2,577,653	0%
	<u>154,281,388</u>	<u>48%</u>
Assets, at fair value	453,205,308	51%
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	<u>1,230,511</u>	<u>66%</u>
Total assets	<u><u>\$ 454,435,819</u></u>	<u><u>51%</u></u>

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

The Plan's portion of the net investment income of the Master Trust was approximately 46%, or \$26,494,493, for the year ended December 31, 2010. Net investment income of the Master Trust accounts for the year ended December 31, 2010, and the Plan's share of net investment income of each Master Trust account are summarized as follows:

	Master Trust			Plan Share in Net Investment Income
	Net Appreciation in Fair Value of Investments	Interest and Dividends	Net Investment Income	
Mutual funds:				
Fidelity Growth Company Fund	\$ 14,255,483	\$ 2,958	\$ 14,258,441	51%
Fidelity Equity Income Fund	5,984,682	865,482	6,850,164	62%
Fidelity Contrafund	11,871,599	499,320	12,370,919	55%
Fidelity Balanced Fund	3,477,914	665,606	4,143,520	54%
Spartan Total Market Index Fund	635,846	84,407	720,253	35%
Franklin Small-Mid Cap Growth Fund A	1,525,271	—	1,525,271	30%
PIMCO Total Return Fund	(76,432)	2,478,964	2,402,532	50%
Perkins Mid Cap Value Fund	2,299,753	137,401	2,437,154	33%
Dodge & Cox International Stock Fund	2,175,772	287,922	2,463,694	33%
Vanguard Windsor II Fund	346,010	88,342	434,352	35%
	42,495,898	5,110,402	47,606,300	51%
Common/collective trusts:				
Fidelity Managed Income Portfolio II Fund	5,119	1,578,828	1,583,947	65%
Pyramis Index Lifecycle 2000 Commingled Pool	132,971	—	132,971	50%
Pyramis Index Lifecycle 2005 Commingled Pool	175,846	—	175,846	50%
Pyramis Index Lifecycle 2010 Commingled Pool	611,392	—	611,392	31%
Pyramis Index Lifecycle 2015 Commingled Pool	805,299	—	805,299	37%
Pyramis Index Lifecycle 2020 Commingled Pool	1,517,390	—	1,517,390	23%
Pyramis Index Lifecycle 2025 Commingled Pool	1,147,104	—	1,147,104	16%
Pyramis Index Lifecycle 2030 Commingled Pool	1,276,179	—	1,276,179	3%
Pyramis Index Lifecycle 2035 Commingled Pool	883,486	—	883,486	1%
Pyramis Index Lifecycle 2040 Commingled Pool	689,839	—	689,839	0%
Pyramis Index Lifecycle 2045 Commingled Pool	804,788	—	804,788	1%
Pyramis Index Lifecycle 2050 Commingled Pool	506,149	—	506,149	0%
	8,555,562	1,578,828	10,134,390	22%
Total	\$ 51,051,460	\$ 6,689,230	\$ 57,740,690	46%

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

All investment information disclosed in the accompanying financial statements, notes and the supplemental schedule, including investments in Master Trust, notes receivable from participants and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust at December 31, 2010 and 2009, and plan share in net investment income from the Master Trust and interest income on notes receivable from participants for the year ended December 31, 2010, was obtained and derived from information supplied to the Company and certified as complete and accurate by the Trustee.

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated July 22, 2002, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and the Company has submitted a determination letter application with respect to the amended Plan. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

5. Related Party Transactions

Certain of the Plan's investments in the mutual funds and common/collective trusts held in the Master Trust are managed by the Trustee. Fidelity Management Trust Company is the trustee as defined by the Plan; therefore, these transactions qualify as party-in-interest transactions. All of these transactions are exempt from the prohibited transaction rules.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

6. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits at December 31 per the financial statements to the Form 5500:

	<u>2010</u>	<u>2009</u>
Net assets available for benefits per the financial statements	\$ —	\$ 238,999,831
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by a common/collective trust	—	(817,579)
Net assets available for benefits per the Form 5500	<u>\$ —</u>	<u>\$ 238,182,252</u>

The following is a reconciliation of investment income for the year ended December 31, 2010, per the financial statements to the Form 5500:

Investment income per the financial statements	\$ 26,494,493
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by a common/collective trust – beginning of year	817,579
Investment income per the Form 5500	<u>\$ 27,312,072</u>

The Plan's investment in fully benefit-responsive investment contracts held by a common/collective trust is recorded at fair value on the Form 5500 and at contract value in the Plan's financial statements, as described in Note 2.

7. Subsequent Events

Plan management has evaluated subsequent events through May 11, 2011, the date the financial statements were available to be issued.

Supplemental Schedule

The Neiman Marcus Group, Inc. Employee Savings Plan

Schedule H; Line 4a – Schedule of Delinquent Participant Contributions

EIN: 95-4119509 Plan #: 002

Year Ended December 31, 2010

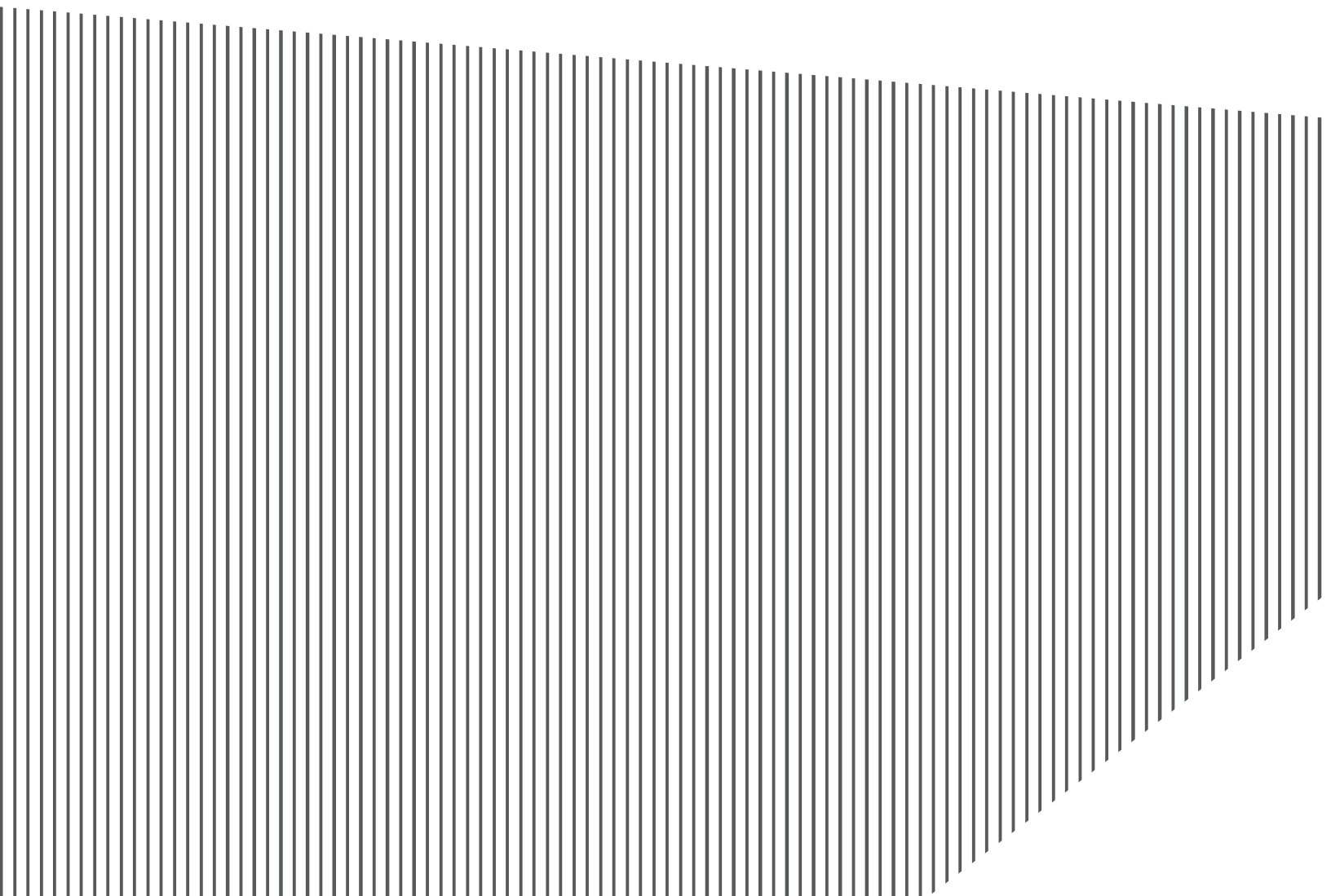
Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002–51
Check here if Late Participant Loan Repayments are included: ☐	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$ 9,742	\$ –	\$ 9,742	\$ –	\$ –

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.



FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

The Neiman Marcus Group, Inc. Employee Savings Plan
As of December 31, 2010 and 2009, and for the
Year Ended December 31, 2010
With Report of Independent Auditors

Ernst & Young LLP

The Neiman Marcus Group, Inc. Employee Savings Plan

Financial Statements and Supplemental Schedule

As of December 31, 2010 and 2009, and for the Year Ended December 31, 2010

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4
Supplemental Schedule	
Schedule H; Line 4a – Schedule of Delinquent Participant Contributions.....	15

Report of Independent Auditors

The Employee Benefits Committee
The Neiman Marcus Group, Inc. Employee Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of The Neiman Marcus Group, Inc. Employee Savings Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule of delinquent participant contributions for the year then ended. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

May 11, 2011

The Neiman Marcus Group, Inc. Employee Savings Plan

Statements of Net Assets Available for Benefits

	December 31	
	2010	2009
Assets		
Investment in the Neiman Marcus Group Master Trust, at fair value	\$ —	\$ 232,983,987
Receivables:		
Participant contributions	—	321,029
Employer contributions	—	120,594
Notes receivable from participants	—	4,756,642
Total receivables	—	5,198,265
Net assets available for benefits, at fair value	—	238,182,252
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	—	817,579
Net assets available for benefits	<u>\$ —</u>	<u>\$ 238,999,831</u>

See accompanying notes.

The Neiman Marcus Group, Inc. Employee Savings Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2010

Additions

Net investment income from the Neiman Marcus Group Master Trust	\$ 26,494,493
Interest income on notes receivable from participants	262,584
Contributions:	
Employer	3,945,174
Participant	7,616,615
Total contributions	<u>11,561,789</u>
Total additions	38,318,866

Deductions

Benefits paid to participants	(26,708,205)
Administrative expenses	(22,479)
Total deductions	<u>(26,730,684)</u>

Transfer of net assets to The Neiman Marcus Group, Inc. Retirement Savings Plan	<u>(250,588,013)</u>
--	----------------------

Net decrease	(238,999,831)
Net assets available for benefits at beginning of year	238,999,831
Net assets available for benefits at end of year	<u><u>\$ —</u></u>

See accompanying notes.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements

December 31, 2010

1. Description of Plan

The following brief description of The Neiman Marcus Group, Inc. Employee Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan.

General

The Plan is a defined-contribution plan established for eligible employees of The Neiman Marcus Group, Inc. and each of its designated affiliates (collectively, the Company). Participation in the Plan permits eligible employees to defer a portion of their compensation in order to promote savings on a tax-favored basis and to benefit from a matching Company contribution. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The trustee of the Plan is Fidelity Management Trust Company (the Trustee), and the recordkeeper of the Plan is Fidelity Investments Institutional Operations Company, Inc.

The Plan is administered by the Employee Benefits Committee (the Committee), which is currently composed of five individuals who act in certain matters relating to the administration of the Plan and who are appointed by the Board of Directors of the Company.

As of January 1, 2008 and until December 31, 2010, all investment assets of the Plan, as well as the investment assets of the Neiman Marcus Group, Inc. Retirement Savings Plan (RSP), were held in various investment accounts of the Neiman Marcus Group Master Trust (Master Trust) under a trust agreement with the Trustee. The agreement required the Trustee, either directly or indirectly, to hold the Plan's assets in a master trust and administer and distribute those assets in accordance with the Plan and the instructions of the Committee.

Effective January 1, 2008, the Company offered the new, enhanced retirement savings plan. Participants with a minimum of ten years of service and whose age plus years of service equaled at least 65 (Rule of 65) as of December 31, 2007, were offered an election to either (a) continue participation in the Plan or (b) participate in the new RSP. The account balances of participants who did not meet the Rule of 65, as well as the account balances of Rule of 65 participants electing to participate in the RSP, were transferred out of the Plan and into the RSP as of January 1, 2008. No employee who met vesting requirements forfeited benefits earned prior to January 1, 2008.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Effective December 31, 2010, the Plan was merged with and made a part of the RSP (Plan Merger) as a result of ongoing efforts to restructure the Company's long-term benefits programs. As of December 31, 2010, the remaining participants' balances in the Plan were transferred to the RSP and the assets and liabilities of the Plan became assets and liabilities of the RSP. As of the date of the merger, the Master Trust was dissolved. After the effective date of the merger, the Plan ceased to exist as a separate plan, but continued as part of the RSP.

Eligibility

Prior to January 1, 2008, an employee was eligible to become a participant in the Plan upon reaching 21 years of age and achieving one year of continuous employment from the date of hire, defined as completing at least 1,000 hours of service within the year. With the establishment of the RSP on January 1, 2008, participation in the Plan is limited to existing participants.

Contributions

Each participant can elect to defer from 2% to 50% of his or her eligible pay in each pay period subject to annual limitations of \$16,500 for the year ended December 31, 2010. Participants who attained age 50 before the close of each plan year become eligible to make catch-up salary deferral contributions in accordance with and limited by the Internal Revenue Code (the Code). The total deferral, including catch-up contributions, could therefore be 75% of eligible pay for individuals eligible to make catch-up contributions. The Company matches an amount equal to 100% of the first 2% of eligible pay and 25% of the next 4% of eligible pay. Participant catch-up contributions are not matched by the Company.

Investment Options

Prior to the Plan Merger, participants could direct the investment of both their pretax contributions and the Company matching contribution to the investment assets held in various investment accounts of the Master Trust. The Committee establishes and modifies the investment options available to participants.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Vesting

The entire amount of each participant's interest in his or her employee contribution account shall at all times be fully vested and nonforfeitable. The Company-matched contribution is subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested</u>
Less than 3	0%
3 or more	100%

Additionally, the Company-matched contributions become fully vested at (a) the date the participant attains the normal retirement age of 65, (b) the date of the participant's death or disability while employed by the Company, or (c) the discontinuance or termination of the Plan.

Benefits

The Plan provides for distributions in the event of retirement, death, disability, termination of employment, or attainment of age 59 1/2. In addition, under certain circumstances, withdrawals are permitted in the event of hardship as defined in the Plan document.

Forfeitures

Forfeitures are used to reduce future Company contributions. There were no forfeitures available at December 31, 2010 and \$150,174 of forfeitures available at December 31, 2009 to reduce future Company contributions.

Notes Receivable from Participants

Participants may borrow an amount up to 50% of their vested account balances, not to exceed \$50,000. Notes bear interest at a fixed rate of prime plus 1% at inception of the note and are repayable through equal payroll deductions of principal and interest over the life of the note, ranging from one to five years. This time may be extended if the note is for the purchase of a principal residence. Any unpaid note balance is withheld from the distribution of a participant's account balance upon the participant's withdrawal from the Plan.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Administrative Expenses

The Plan pays for management fees associated with its investments, which are recorded by the Trustee as an offset to the investments' net appreciation. Certain other expenses are borne by the Company. For the year ended December 31, 2010, Plan expenses paid by the Company were approximately \$117,000.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2010 or 2009. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Reclassification

Certain prior year amounts related to notes receivable from participants (previously participant loans) were reclassified in the financial statements and footnotes to conform to the current year's presentation.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Valuation of Investments

As of December 31, 2010, no investments were held by the Plan due to the Plan Merger. As of December 31, 2009, the Plan's investment in the Master Trust is stated at fair value. Pursuant to fair value measurement and disclosure requirements of generally accepted accounting principles, fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. Each fair value measurement is reported in one of the following three levels:

- Level 1 – valuation inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – valuation inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – valuation inputs are unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Investments held by the Master Trust consist of investment securities, including mutual funds and common/collective trusts. Investments in mutual funds are valued based on published market prices, which represent the net asset values of shares held by the Master Trust at year end (Level 1).

Investments in common/collective trusts are valued based on net asset values on the last business day of the Plan's year end as determined by the sponsors of such trusts (Level 2). Investments in common/collective trusts include fully benefit-responsive investment contracts, which are valued at fair value based on the underlying investments of the trust as determined by the sponsor of the trust, then adjusted to contract value (Level 2). Contract value represents contributions made

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

under the contract plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

The investments held by the Master Trust are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The following table presents the Plan's investments at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in the Neiman Marcus Group				
Master Trust:				
Mutual funds:				
Fixed income	\$ 13,200,295	\$ —	\$ —	\$ 13,200,295
Domestic mid cap value	5,593,563	—	—	5,593,563
International growth	6,249,077	—	—	6,249,077
Domestic and foreign multi strategy	61,441,938	—	—	61,441,938
Domestic and foreign large cap value	30,050,519	—	—	30,050,519
Domestic and foreign multi cap growth	37,726,140	—	—	37,726,140
Other	4,092,916	—	—	4,092,916
Total mutual funds	<u>158,354,448</u>	<u>—</u>	<u>—</u>	<u>158,354,448</u>
Common/collective trusts:				
Lifecycle	—	9,556,847	—	9,556,847
Stable value	—	65,072,692	—	65,072,692
Total common/collective trusts	<u>—</u>	<u>74,629,539</u>	<u>—</u>	<u>74,629,539</u>
Total investments	<u>\$ 158,354,448</u>	<u>\$ 74,629,539</u>	<u>\$ —</u>	<u>\$ 232,983,987</u>

Prior to December 31, 2010, interest and dividends and net appreciation (depreciation) in fair value of investments were allocated among the participating plans in the Master Trust based on the respective number of units held by each plan. Contributions received, benefits paid, and directly attributable expenses of the participating plans effectively increase or decrease the number of units held by each plan.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Benefits to Participants

Benefit payments to participants are recorded when paid.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance for improving the disclosures about fair value measurements. Specifically, this guidance requires entities to disclose amounts and reasons for significant transfers between Level 1 and Level 2 of the fair value hierarchy including reasons for any transfers in or out of Level 3. Additionally, Level 3 reconciliations must be presented on a gross basis. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Plan implemented this guidance in the preparation of the financial statements for the Plan year ending December 31, 2010, and the adoption of this guidance did not have an impact on the Plan's financial statements.

In September 2010, the FASB issued guidance for improving disclosures about participant loans. Specifically, this guidance requires participant loans to be classified as notes receivable from participants and measured at their unpaid principal balance plus any unpaid accrued interest. Previously, participant loans were measured at fair value and classified as investments. The guidance is effective for fiscal years ending after December 15, 2010, and is required to be applied retrospectively. The Plan implemented this guidance in the preparation of the financial statements for the Plan year ending December 31, 2010, resulting in the reclass of participant loans to notes receivable from participants as of December 31, 2010 and 2009.

3. Investment in Master Trust

For the period January 1, 2008 to December 31, 2010, the Plan's investments were held in the Master Trust, which was established for the investment of assets of the Plan and the RSP sponsored by the Company (see Note 1). As a result of the Plan Merger, no assets were held by the Plan as of December 31, 2010. The Plan's portion of the Master Trust's assets was approximately 51%, or \$232,983,987, at December 31, 2009. The fair value of the commingled investments of all participating plans in the Master Trust accounts at December 31, 2009, and the

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

percentage interest the Plan holds in each of the Master Trust accounts are summarized as follows:

	2009 Master Trust Investments	2009 Plan Interest Percentage
Mutual funds:		
Fidelity Growth Company Fund	\$ 70,904,290	53%
Fidelity Equity Income Fund	47,350,918	63%
Fidelity Contrafund	75,527,328	58%
Fidelity Balanced Fund	33,861,502	53%
Spartan Total Market Index Fund	3,459,132	32%
Franklin Small-Mid Cap Growth Fund A	4,731,823	31%
PIMCO Total Return Fund	25,832,261	51%
Perkins Mid Cap Value Fund	15,975,182	35%
Dodge & Cox International Stock Fund	17,613,574	35%
Vanguard Windsor II Fund	3,667,910	41%
	298,923,920	53%
Common/collective trusts:		
Fidelity Managed Income Portfolio II Fund	97,938,779	66%
Pyramis Index Lifecycle 2000 Commingled Pool	1,997,534	51%
Pyramis Index Lifecycle 2005 Commingled Pool	1,673,234	54%
Pyramis Index Lifecycle 2010 Commingled Pool	6,103,639	37%
Pyramis Index Lifecycle 2015 Commingled Pool	5,111,747	26%
Pyramis Index Lifecycle 2020 Commingled Pool	10,599,431	22%
Pyramis Index Lifecycle 2025 Commingled Pool	6,815,433	18%
Pyramis Index Lifecycle 2030 Commingled Pool	8,292,264	3%
Pyramis Index Lifecycle 2035 Commingled Pool	4,868,178	2%
Pyramis Index Lifecycle 2040 Commingled Pool	3,884,549	0%
Pyramis Index Lifecycle 2045 Commingled Pool	4,418,947	2%
Pyramis Index Lifecycle 2050 Commingled Pool	2,577,653	0%
	154,281,388	48%
Assets, at fair value	453,205,308	51%
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust	1,230,511	66%
Total assets	\$ 454,435,819	51%

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

The Plan's portion of the net investment income of the Master Trust was approximately 46%, or \$26,494,493, for the year ended December 31, 2010. Net investment income of the Master Trust accounts for the year ended December 31, 2010, and the Plan's share of net investment income of each Master Trust account are summarized as follows:

	Master Trust			Plan Share in Net Investment Income
	Net Appreciation in Fair Value of Investments	Interest and Dividends	Net Investment Income	
Mutual funds:				
Fidelity Growth Company Fund	\$ 14,255,483	\$ 2,958	\$ 14,258,441	51%
Fidelity Equity Income Fund	5,984,682	865,482	6,850,164	62%
Fidelity Contrafund	11,871,599	499,320	12,370,919	55%
Fidelity Balanced Fund	3,477,914	665,606	4,143,520	54%
Spartan Total Market Index Fund	635,846	84,407	720,253	35%
Franklin Small-Mid Cap Growth Fund A	1,525,271	—	1,525,271	30%
PIMCO Total Return Fund	(76,432)	2,478,964	2,402,532	50%
Perkins Mid Cap Value Fund	2,299,753	137,401	2,437,154	33%
Dodge & Cox International Stock Fund	2,175,772	287,922	2,463,694	33%
Vanguard Windsor II Fund	346,010	88,342	434,352	35%
	42,495,898	5,110,402	47,606,300	51%
Common/collective trusts:				
Fidelity Managed Income Portfolio II Fund	5,119	1,578,828	1,583,947	65%
Pyramis Index Lifecycle 2000 Commingled Pool	132,971	—	132,971	50%
Pyramis Index Lifecycle 2005 Commingled Pool	175,846	—	175,846	50%
Pyramis Index Lifecycle 2010 Commingled Pool	611,392	—	611,392	31%
Pyramis Index Lifecycle 2015 Commingled Pool	805,299	—	805,299	37%
Pyramis Index Lifecycle 2020 Commingled Pool	1,517,390	—	1,517,390	23%
Pyramis Index Lifecycle 2025 Commingled Pool	1,147,104	—	1,147,104	16%
Pyramis Index Lifecycle 2030 Commingled Pool	1,276,179	—	1,276,179	3%
Pyramis Index Lifecycle 2035 Commingled Pool	883,486	—	883,486	1%
Pyramis Index Lifecycle 2040 Commingled Pool	689,839	—	689,839	0%
Pyramis Index Lifecycle 2045 Commingled Pool	804,788	—	804,788	1%
Pyramis Index Lifecycle 2050 Commingled Pool	506,149	—	506,149	0%
	8,555,562	1,578,828	10,134,390	22%
Total	\$ 51,051,460	\$ 6,689,230	\$ 57,740,690	46%

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

3. Investment in Master Trust (continued)

All investment information disclosed in the accompanying financial statements, notes and the supplemental schedule, including investments in Master Trust, notes receivable from participants and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a common/collective trust at December 31, 2010 and 2009, and plan share in net investment income from the Master Trust and interest income on notes receivable from participants for the year ended December 31, 2010, was obtained and derived from information supplied to the Company and certified as complete and accurate by the Trustee.

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated July 22, 2002, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and the Company has submitted a determination letter application with respect to the amended Plan. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

5. Related Party Transactions

Certain of the Plan's investments in the mutual funds and common/collective trusts held in the Master Trust are managed by the Trustee. Fidelity Management Trust Company is the trustee as defined by the Plan; therefore, these transactions qualify as party-in-interest transactions. All of these transactions are exempt from the prohibited transaction rules.

The Neiman Marcus Group, Inc. Employee Savings Plan

Notes to Financial Statements (continued)

6. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits at December 31 per the financial statements to the Form 5500:

	<u>2010</u>	<u>2009</u>
Net assets available for benefits per the financial statements	\$ —	\$ 238,999,831
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by a common/collective trust	<u>—</u>	<u>(817,579)</u>
Net assets available for benefits per the Form 5500	<u>\$ —</u>	<u>\$ 238,182,252</u>

The following is a reconciliation of investment income for the year ended December 31, 2010, per the financial statements to the Form 5500:

Investment income per the financial statements	\$ 26,494,493
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts held by a common/collective trust – beginning of year	<u>817,579</u>
Investment income per the Form 5500	<u>\$ 27,312,072</u>

The Plan's investment in fully benefit-responsive investment contracts held by a common/collective trust is recorded at fair value on the Form 5500 and at contract value in the Plan's financial statements, as described in Note 2.

7. Subsequent Events

Plan management has evaluated subsequent events through May 11, 2011, the date the financial statements were available to be issued.

Supplemental Schedule

The Neiman Marcus Group, Inc. Employee Savings Plan

Schedule H; Line 4a – Schedule of Delinquent Participant Contributions

EIN: 95-4119509 Plan #: 002

Year Ended December 31, 2010

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002–51
Check here if Late Participant Loan Repayments are included: ☐	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$ 9,742	\$ –	\$ 9,742	\$ –	\$ –

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.

